

# MERCHANDISING COMMAND CENTER

CONFIDENTIAL

## MERCHANDISING STATUS 11/17/95 COMMUNICATION #98

Important Information: Please update your Competitive Information in Retail Pack tab of 1996 Partners Program book.

TO: AVP's, AMO's, ROM's  
(Please copy to Account Executives, RSM's, RBM's, KAM's, DM, AM's, Retail Managers and Sales Reps)

FROM: Trade Marketing Department  
NESA - Mike Buckler (ext. 1625) SSA - John Boehm (ext. 2040)  
WSA - Rich Pettorini (ext. 1052) MWSA - Bill Duffy (ext. 5776)

RE: 1996 B&W RETAIL PERFORMANCE PLUS PROGRAM

Attached is the most timely information we have relative to B&W's Retail Performance Plus Program for 1996.

- Their basic requirements remain the same as 1995.
  - Pay for performance.
  - B&W store sales volume is base.
  - B&W displays are required.
- Minimum store sales requirements are unchanged:
  - Carton outlets 40 plus B&W CPW
  - Package outlets 15 plus B&W CPW.
- Three levels of payments on packs (Silver, Gold, Platinum).
- Volume categories much tighter in 1996 (14 on self service packs versus 6 in 1995).
- Payments have increased on self service packs. Minimum payment \$70 per month. (Silver Level) to a maximum of \$365 per month (Platinum Level). 1995 rate range \$60 to \$280.

Sales		Retail	
1221	ALL	1222	
1222	"	1223	
1223	"	1226	
1224	"	1229	
1225	"	ROM	
1226	"		PC SC
1229	"		MC PA
1240	AMS		
1244	AMS	RSM	RBM

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- 1995 Platinum requirements have been partially repositioned to the Gold level in 1996 (i.e., B&W PCD must be in one or two position on Option #2 of 1996 Gold Level).
- 1996 Platinum level also requires a second counter display and emphasis on enhanced signage.
- Appears non-self service grids are the same as 1995.
- Carton self service grids are the same as 1995 with one exception; addition of Diamond level at the highest volume grid. (Diamond level increases the maximum carton payment from \$365 to \$415 per month.) Diamond appears to target Cigarette Outlets due to Enhanced signage requirements.
- Additional details on requirements and package grids are attached.

#### RJR Tactics

- Our Level 1 program for Pack Outlets, although substantial in payment, was not designed with the intent of matching up with B&W at their Platinum level. B&W targets RJR's retail position with the Platinum level that will require RJR's Level 2 resources in many situations. Enhancement dollars may become necessary if B&W grid jumps in setting their payment or their share is overdeveloped versus RJR.
- B&W's Gold level can be a problem, especially if presented at their Option #2 which requires only one footprint in 1st or 2nd position. We must be aware of their tactics at retail.
- It is now more important than ever that RJR use the "Bundled" approach at retail and diffuse at every occasion the RDA-to-RDA game of the past. RJR overpowers B&W's pitch when Total Resources are identified and presented.
- As was the case on their '95 rates, B&W will be a formidable competitor in outlets where GPC and/or Private Stock is overdeveloped. Communication with your RSM is critical in these situations.
- B&W grids not provided in this document have remained unchanged from 1995 and are currently available in the 1996 Partners Program book.

MLB:11/17/95  
c:cmdsta.doc  
Attachments

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## 1995 Vs. 1996 Package Requirements

### Silver

1995	1996
<ul style="list-style-type: none"> <li>• Provide B&amp;W sales data.</li> <li>• Promote B&amp;W same rate as competitors.</li> <li>• Allow B&amp;W to communicate retail price.</li> <li>• Participate in B&amp;W promotions.</li> <li>• Permit B&amp;W to maintain PCD in one of the top three positions.</li> <li>• Provide share of facings equal to B&amp;W share.</li> <li>• Stock all brands of B&amp;W choice.</li> </ul>	<ul style="list-style-type: none"> <li>• Same</li> <li>• Same</li> <li>• Same</li> <li>• Same</li> <li>• Same</li> <li>• Same</li> <li>• Same</li> <li>• Limit out of stocks on B&amp;W products.</li> </ul>

### Gold

1995	1996
<ul style="list-style-type: none"> <li>• Meet all Silver level requirements.</li> <li>• Permit B&amp;W to maintain a second PCD or one Gold level display (large configuration, 2 signs).</li> <li>• Limit out of stocks on B&amp;W brands.</li> </ul>	<ul style="list-style-type: none"> <li>• Same</li> <li>• Permit B&amp;W to maintain permanent PDP.</li> <li>• Permanent counter display options                             <ul style="list-style-type: none"> <li>Option 1                                     <ul style="list-style-type: none"> <li>– B&amp;W places second PCD.</li> </ul> </li> <li>Option 2                                     <ul style="list-style-type: none"> <li>– B&amp;W places <u>one PCD</u> at primary register in number one or two position.</li> </ul> </li> </ul> </li> </ul>

Major Change

### Platinum

1995	1996
<ul style="list-style-type: none"> <li>• Meet all Silver and Gold level requirements.</li> <li>• B&amp;W PCD in number one or two position.</li> <li>• Promote B&amp;W with enhanced signage.</li> <li>• Enhanced signage - equal to positioning to competitors.</li> </ul>	<ul style="list-style-type: none"> <li>• Same.</li> <li>• B&amp;W PCD in first or second display position and a second display in an agreed upon position.</li> <li>• Same</li> <li>• Same</li> </ul>

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### 1996 Package Self Service

Self-Service Payment Grid				Average Monthly Per Carton Payments		
B&W Weekly Volume	Silver	Gold	Platinum	Silver	Gold	Platinum
15-19	\$70	\$90	\$115	\$.95	\$1.22	\$1.55
20-25	85	120	145	.87	1.23	1.49
26-30	110	150	175	.90	1.23	1.44
31-34	125	170	195	.88	1.20	1.38
35-41	140	185	210	.84	1.12	1.27
42-48	150	200	225	.77	1.02	1.15
49-56	165	215	240	.73	.95	1.05
57-66	175	225	250	.66	.85	.94
67-78	190	250	275	.61	.80	.88
79-100	210	280	305	.54	.72	.79
101-118	210	295	320	.44	.62	.67
119-142	210	315	340	.37	.56	.60
143-170	210	330	355	.31	.49	.52
171+	210	330	365	.28	.45	.49

### 1995 Package Self Service

Self Service Payment Grid				Average Monthly Per Carton Payments		
B&W Weekly Volume	Silver	Gold	Platinum	Silver	Gold	Platinum
15-25	\$60	\$90	\$110	\$.69	\$1.03	\$1.27
26-35	75	115	140	.56	.86	1.04
36-60	105	130	160	.50	.63	.77
61-80	135	165	195	.44	.54	.64
81-100	175	210	250	.44	.54	.64
101+	195	235	280	.44	.54	.64

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